Prioritizing Access Over Excess: Rent the Runway Unveils Impact Strategy

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Rental Subscription Model Provides Unique Opportunity to Address Apparel Overproduction; Company Aims to Displace the Need for New Production of 500,000 Garments by 2026

NEW YORK, March 17, 2022 (GLOBE NEWSWIRE) -- Rent the Runway, Inc. (“Rent the Runway”) (Nasdaq: RENT), the clothing rental pioneer, today announced its Impact Strategy, outlining long-term ambitions with specific and measurable short-term goals to tackle pressing environmental and social issues that the brand —as a rental subscription model— is uniquely equipped to address. Among the company’s most distinguishing commitments is its goal to displace the need for production of half a million garments by the end of fiscal year 2026, a continuation of its work to address rampant overproduction and waste in fashion.

More broadly, the goals aim to encompass the full scope of RTR’s business, from continuing to divert nearly 100% of unrentable clothing from landfill, to offsetting 100% of carbon emissions from shipments to and from customers beginning in FY22.

“Being an agent of change is part of the fabric of Rent the Runway: we built a more sustainable business model for fashion by encouraging customers to buy less and wear more — and we know it’s working. RTR customers have confirmed that renting creates less consumption on their part, with 89% of subscribers saying they buy fewer clothes than they did prior to joining RTR,” said Anushka Salinas, President and COO, Rent the Runway. “Now, we’re taking our purpose to the next level, tangibly outlining through our Impact Strategy how we plan to address our impact even more holistically. And, unlike most businesses in the fashion industry, our actions complement —rather than compete with— our bottom line. We believe in the power of our platform to radically alter the trajectory of the industry and remain deeply committed to leading this change.”

The company has also committed to additional, foundational work in its efforts to drive progress within the fashion industry, endeavoring to achieve net zero carbon emissions by 2040; minimize waste from packaging; prioritize workforce diversity; and use its platform to support and amplify diversity in fashion, among other goals described further below.

Rent the Runway completed several activities over the past 18 months to quantify its baseline impact and refine its understanding of the opportunities most relevant to the business. Most significantly, Rent the Runway conducted its first-ever Life Cycle Assessment (LCA) in partnership with two 3rd party consultancies. The study confirmed that renting from RTR results in net environmental savings compared to the production and purchasing of new clothing across water usage, energy usage and CO2 emissions. Given the scale of garments rented on the RTR platform, this LCA can be used to assess not only Rent the Runway’s impact but the clothing rental business model versus buying more broadly.

RENT THE RUNWAY’S IMPACT STRATEGY
The strategy consists of two ambitions, four priorities and twelve specific and measurable goals. RTR is focused on expanding and deepening its impact, both from within its business as well as through engagement with a wider ecosystem of partners who play critical roles in driving change, and plans to hold itself accountable by reporting against goals annually.

Ambition 1 (Environmental): Rent the Runway will harness the power of its unique business model to set the standard for more sustainable fashion.

Priority 1: Reduce carbon emissions and operate with net zero emissions by 2040.

1. Displace the need for new production of 500,000 garments by fiscal year end 2026.
2. Power our owned and operated facilities (stores, offices, warehouses) with 100% renewable electricity by fiscal year end 2026.
3. Quantify supply chain emissions (i.e. Scope 3 baseline) by fiscal year end 2024.
4. Sustainably source 50% of key materials for its Exclusive Designs by fiscal year end 2026.

Priority 2: Minimize waste from the business.

1. Divert 90% of waste from warehouse operations from landfill by fiscal year end 2026.
2. Eliminate unnecessary single-use plastic packaging to customers and only utilize reusable, compostable or 100% recycled content for necessary plastic packaging to customers by fiscal year end 2023.

Ambition 2 (Social): Cultivate a culture and community where all people are inspired, empowered and thrive.

Priority 1: Ensure its workforce remains diverse and that leadership reflects the population of individual contributors.

1. Maintain on average 40% representation of racial and ethnic minorities[1] for its US corporate workforce through fiscal year 2026.
2. Maintain on average 50% representation of individuals identifying as women and non-binary in the US workforce through fiscal year 2026.
3. Double representation of LatinX leadership in the new hire classes at its Secaucus warehouse by fiscal year end 2026.
4. Double representation of Black and LatinX leadership in new hire classes at its Dallas warehouse by fiscal year end 2026.

Priority 2: Use Its Platform To Support And Amplify Diversity In Fashion.

1. $10 million cumulative spend with Black designers between fiscal year 2022 and fiscal year end 2026.
2. Ensure at least 40% representation of racial and ethnic minorities[1] in marketing materials and imagery by fiscal year end 2026.

Rent the Runway has long been a force for good in fashion. Notable accomplishments and milestones to date include:

Environmental

- Commissioned a Life Cycle Assessment to understand the environmental impact of the RTR platform, which confirmed that renting from RTR results in net environmental savings compared to purchasing new clothing. The company estimates, on a weighted average basis per rental garment, a net:
  - 24% reduction in water usage
  - 6% reduction in kWh of energy usage, and
  - 3% reduction in pounds of CO_2 emissions.[2]
- The need for production of 1.3 million estimated new garments displaced through its rental model over the past decade.[3]
- 4.1 million garment repairs performed to extend the useful life of its rental garments, as of June 2021.
- 1.1 million decommissioned rental items diverted from landfill via resale, donation or recycling, as of June 2021.
- Launched its patented garment bag in 2014, setting a new standard for reusable packaging.

Social

- Equalized leave benefits across all hourly and salaried U.S. employees on corporate, customer experience and warehouse teams in 2018.
- Over $1 million invested to support Black-owned businesses since June 2020.
- Increased the penetration of BIPOC designers featured on its platform from 4% of brands on RTR in Fall 2020 to 10% in Spring 2021.
- Increased representation of BIPOC models featured on its platform from 40% in fiscal year 2019 to 54% in fiscal year 2020.
- Prioritized DEI in its U.S. employee population and as of June 2021:
  - 70% of employees identify as women and 57% of employees identify as a BIPOC;
  - 75% of the executive team identifies as women and 50% identify as BIPOC;
  - 55% of senior leadership identifies as women and 45% identifies as BIPOC.
- 55% of Rent the Runway's Board of Directors identify as women.

About Rent the Runway
Founded in 2009, Rent the Runway (RTR) is disrupting the trillion-dollar fashion industry and changing the way women get dressed through the Closet in the Cloud, the world's first and largest shared designer closet. RTR's mission has remained the same since its founding: powering women to feel their best every day. Through RTR, customers can subscribe, rent items a-la-carte and shop resale from over 780 designer brands. The Closet in the Cloud offers a wide assortment of millions of items for every occasion, from evening wear and accessories to ready-to-wear, workwear, denim, casual, maternity, outerwear, blouses, knitwear, loungewear, jewelry, handbags, activewear, ski wear, home goods and kidswear. RTR has built a two-sided discovery engine, which connects deeply engaged customers and differentiated brand partners on a powerful platform built around its brand, data, logistics and technology. Under CEO and Co-Founder Jennifer Hyman's leadership, RTR has been named to CNBC's "Disruptor 50" five times in ten years, and has been placed on Fast Company's Most Innovative Companies list four times, while Hyman herself has been named to the "TIME 100: Most Influential People in the World"" and as one of People Magazine's "Women Changing the World."

Cautionary Statement Regarding Forward-Looking Statements
This press release (including statements quoted in this press release) contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements include statements regarding our impact strategy, the ambitions, priorities, and goals underlying our impact strategy, and the estimated timing to achieving these priorities and goals.

Forward-looking statements include all statements that are not historical fact. Forward-looking statements involve substantial risks and uncertainties that may cause actual results to differ materially from expectations. These risks and uncertainties include managing our growth effectively, the impact of the COVID-19 pandemic on our business, our ability to compete in the global fashion industry, our growth and performance including our ability to attract new and retain existing customers, and other risks and uncertainties that are more fully described in our filings with the Securities and Exchange Commission, including in the section entitled "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, and subsequent reports that we file with the Securities and Exchange Commission.

Forward-looking statements represent our beliefs and assumptions only as of the date of this press release. We disclaim any obligation to update forward-looking statements, except as required by law.

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(1) American Indian or Alaskan Native, Asian, Black or African American, Hispanic/Latino, Native Hawaiian or other Pacific Islander, Middle Eastern or North African

(2) Percentage of savings are based on (a) the calculation of individual environmental impact of each category as presented in the LCA, weighted by

(b) the percentage of estimated total wears for each of the 12 categories, as measured from 2010 through 2021.

(3) Displacement by category was calculated by the total amount of wears of RTR products (or "Rental Wears"), then estimating how many garments otherwise would have been bought and worn in the traditional manner (which is not a rental model, known here as "Linear Wears") had the RTR Rental Wears not taken place. Specifically, this displacement is calculated by (Rental Wears - Linear Wears) / Linear Wears. The displacement per category was then multiplied by the estimated number of units across all product categories from 2010 to 2021. Environmental savings are based on results of the LCA Study and specifically the net upstream production impact across 12 product categories assessed in the LCA Study: blouses, sweaters, skirts, jeans, pants, jumpsuits, daytime dresses, maxi dresses, gowns, cocktail dresses, jackets and coats. These categories represented approximately 85% of our 2019 product assortment. Examples of categories not included in our calculations include accessories and home goods. These savings calculations reflect the difference between the rental model and the full environmental cost of purchasing under the linear model, while the savings referenced below under "Environmental Savings", reflect the difference in environmental savings between purchasing under a rental model as opposed to a linear model.

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